United States Department of Agriculture

Office of Governmental and Public Affairs

Major News Releases and Speeches

Feb. 4 - Feb. 11, 1983

IN THIS ISSUE:

Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement by Secretary of Agriculture John R. Block before the House Committee on Agriculture, Feb. 9.

Mr. Chairman and members of the Committee, I am pleased to appear before you to discuss the programs of the U.S. Department of Agriculture and our fiscal 1984 budget proposals.

During the past two years, I have been very gratified to note the public's growing awareness of the broad role that agriculture plays in the many aspects of our daily life. We all have a stake in seeing that our policies and programs continue to assure that our agricultural system remains the most effective and efficient in the world. Farmers need strong markets and adequate financing at reasonable interest rates. Consumers all over the world need assurance that we will be able in the future to provide plentiful food which many take for granted today. The disadvantaged in our society need help in meeting their essential needs during these difficult times. And ultimately, our federal taxpayers need to be assured government actions to help achieve these objectives involve the minimum possible cost.

The Congress and the department have worked closely together to meet these key national objectives in light of very adverse conditions. In recent years, the agriculture industry has had to endure a grain embargo and restrictive foreign trade policies with their attendant loss of markets. Everyone has been affected by soaring inflation, interest rates and increased government spending. Farmers have been particularly hard hit because the combination of weak domestic and foreign markets and crop surpluses generated by two excellent growing seasons in a row have served to depress prices for many commodities.

But I am optimistic for the future of the agricultural sector. Inflation is down substantially. Interest rates also are down and, as the president has said, there is room for further reductions. Economic recovery is on the way. We have legislation in place to protect farmers against extremely low prices. And with the implementation of our new programs to reduce production and excessive stocks, I am confident we can bring supplies more in line with demand.

The needs and goals of the nation and of rural America and the agricultural sector must be addressed in the context of our national objectives of a permanent recovery in employment, production and investment. Reductions in federal budget deficits are absolutely essential to reach these objectives. The department's fiscal 1984 budget and legislative proposals reflect these overriding concerns. Our budget will allow us to fulfill our responsibilities to our constituents. Yet, it is balanced with the need to spend public money wisely.

Before I describe our fiscal 1984 budget proposals for the U.S. Department of Agriculture, I first would like to discuss the current agriculture and farm credit situtation.

Current Agricultural Situation

As noted, American farmers are operating under a severe financial strain since prices for major crops in 1982 were at their lowest levels since 1978. A number of forces have combined to bring about the current situation. World grain production, which rose four percent in 1981/82, rose a further three percent in 1982/83, topping 1.5 billion metric tons. World soybean production increased seven percent from 1980/81 to 1981/82, and increased another 12 percent this year. Cotton production decreased five percent in 1982/83, largely due to a decline in U.S. production.

In the face of these ample supplies, demand has grown very slowly. The world is in the grips of a recession. Industrial market economies barely grew last year, and the U.S. economy declined. Developing countries, which offer the greatest potential for export development, experienced growth of only about two percent in 1982, well below that experienced in recent years. Other factors damaging U.S. exports are the financial instability of some of our customers, the strong U.S. dollar, losses related to political tensions, and unfair trade practices by our competitors.

Domestically, the weak economy and growing unemployment have dampened demand for meat, translating into weak demand for feed grains.

Taken together, the large supplies and weak demand have boosted stocks to levels far above any experienced in recent years. Because the U.S. often is the residual supplier and the holder of large supplies of

commodities, our burden has grown out of proportion to that of other countries.

For example, world grain stocks at the end of 1982/83 are expected to be more than 260 million tons, or 20 percent, above last year's ending stocks. The U.S. will add to stocks nearly 46 million tons more grain and hold nearly 60 percent of world grain stocks by the end of the 1982/83 marketing year. This means that other countries are actually expected to decrease stocks, while our farmers absorb all the shock of the entire world marketing system.

In soybeans and cotton, the situation is similar. Of the projected four million ton increase in soybean stocks, 3.3 million tons will be in the U.S.; U.S. cotton stocks will increase by 1.8 million bales while world stocks increase by only 1.3 million bales. Under these circumstances, it is no surprise that prices and farm incomes continue to be depressed.

There have been a few bright spots recently, however, and I am confident that they will grow in the near future.

This administration has succeeded in reducing inflation down to the lowest level in recent years—going from double digit levels to four percent in 1982. Interest rates have also declined substantially. The decreasing inflation and interest rates kept farm production cost increases in 1982 to very low levels.

Another relatively bright spot was that livestock producers have faired better than expected.

In 1983, we expect the picture in the agricultural sector to steadily improve. We believe that general economic conditions, both at home and abroad, will be somewhat better, as policies to promote a sustainable recovery take effect. Inflation rates should remain low and interest rates should continue to decline.

It is unlikely that gains in exports in the near term will return to the expansion course of the 1970's. Food grain exports, especially, are likely to remain steady, as world-wide wheat growing conditions for 1983 are favorable and developing countries' ability to pay for imports will remain limited.

Domestically, although livestock numbers are down and feed is relatively cheap, producers are not likely to significantly expand herds in 1983. It will take some time to gain financial strength to support

such an expansion. Therefore, livestock and meat prices should strengthen moderately this year. Feed use is not expected to change much.

Without prospects for a dramatic turnaround in exports or the livestock industry, it became apparent late last year that an ambitious, innovative program would be necessary to prevent further deterioration in the agricultural sector in 1983. Therefore, in addition to the acreage reduction (ARP) and land diversion programs (LDP) announced for the 1983 crops, the president announced on Jan. 11 a payment-in-kind (PIK) program.

Participants in the PIK program will receive grain that is under loan or in CCC stocks in return for reducing acreage beyond the levels called for in the ARP and LDP. The goals of this program are to reduce excessive stocks while providing adequate supplies for domestic consumption and world trade and to support farm income and enhance prospects for a future market-led recovery.

With the PIK program, commodity prices may not increase significantly in the near term, though they should firm. We expect the longer term economic outlook to improve as a result of bringing supplies more in line with demand. The reduction in stocks will provide a potential for price recovery as the general economy improves.

I would like to take this opportunity to thank the committee for its efforts in dealing with the PIK legislation this past December. Unfortunately, the legislation was not enacted and we decided to implement a program under existing authorities.

In an effort to meet foreign competition and maintain market share during this transitional period, we have embarked upon an aggressive new export credit program. This "blended credit" program should help to maintain and expand our markets, especially in key developing countries.

We are also continuing to work hard on other avenues to promote exports. Recently, I announced that one million tons of flour will be sold to Egypt. We are also continuing our efforts to lower trade barriers to the Japanese market and gain the cooperation of the European Economic Community (EEC) in defining acceptable trade practices.

All these efforts are not a short term panacea to the problems farmers face, but taken together they give farmers hope that prices will strengthen in the future.

Farm Credit Situation

Three years of depressed farm income are obviously having an effect on farmers' ability to meet their financial obligations. Attention given by the news media to recent farm foreclosure sales provides visible evidence of the problem. There is also statistical evidence of increased delinquency rates and other indicators of financial distress.

However, we must recognize that the vast majority of farm borrowers are meeting their loan obligations, and can obtain the credit they need from private sources. For these borrowers, credit conditions are improving. Loan-deposit ratios of agricultural banks continue to decline, indicating that these banks have reserves sufficient to provide for increased loan activity. Farm Credit System banks also have the capacity to provide additional credit. Furthermore, interest rates have declined several percentage points from the record high levels of a year ago.

The overall debt-asset ratio for the farm sector has increased, but still remains low—about 20 percent—relative to other sectors of the economy. This ratio reflects estimates of $215 billion in farm debt and $1,070 billion in farm assets. Although it is somewhat higher than the 16 percent ratio of the late 1970's, when inflation-fueled increases in land values encouraged excessive borrowing, it is still a healthy ratio.

Land values have declined over the last two years. Land and other real estate assets are currently valued at about $790 billion, or close to three-fourths of total farm assets. The value of these assets should remain stable over the next few years.

It is also important to note that close to half of our farmers remain debt free. Of those farmers who do borrow, about half have debt-asset ratios of less than 20 percent and about one-fourth have ratios between 20 and 40 percent. These farmers are in a relatively secure financial position.

The payment-in-kind program should help reduce the credit needs for some farmers and the crop insurance program will continue to

provide farmers with the opportunity to protect themselves against production losses.

Now, let me talk a little more about those farm borrowers who are in real trouble. Their problem is of foremost concern to us. As instructed by the president, we are working and will continue to work individually with farmers with debt problems to help them through these tough times.

Traditionally, the Farmers Home Administration (FmHA) has been the "lender of last resort" for farm borrowers who could not obtain sufficient credit from private lenders. Because many of these borrowers started with limited resources or came to us after sustaining a loss due to natural disaster, it is not surprising that they are having an especially difficult time in coping with the economic slump of the last three years.

At the end of fiscal 1982, about one-fourth of FmHA's farm borrowers were delinquent. The total outstanding debt owed to FmHA by these borrowers exceeded $9 billion. The total amount of delinquent payments is about $2.7 billion.

Delinquencies on farm loans held by private lenders are averaging about 4 percent, which is considerably less than the rate on FmHA loans. However, based on a combination of factors private lenders are reporting that from 5 to 10 percent of their borrowers are financially vulnerable. Some portion of these borrowers will undoubtedly seek FmHA loans if denied additional credit or are asked to liquidate by their private lenders.

Let me emphasize that every loan application will be considered on its individual merits by persons familiar with individual circumstances. We will continue to deal with applicants on a case by case basis and continue to offer subordinations, deferrals, rescheduling, and reamortizations where necessary to assist our borrowers.

Over the past year such assistance has been provided to over 40,000 of FmHA's 270,000 farm borrowers. Every effort will be made to stay with borrowers who can truly be helped through FmHA loan assistance and supervision. Generally, the criteria will continue to be that borrowers have made good faith efforts to repay, that they practiced good management and that they properly maintained loan security.

I have ordered every FmHA county supervisor to personally discuss credit needs and to work out solutions at the grassroots level with local

banks, Production Credit Association officials, and other private lenders. These efforts will build on the close contact that we have maintained among our lending institutions at the national level. I have authorized a significant increase in FmHA field staff to assure we have the personnel to do this job.

Despite these efforts, we must recognize that maybe not all farmers will be able to stay in business in 1983. While the situation is not as bad as some suggest, we recognize that the pain is no less for those who will have to quit. The farm audiences I have talked to over the past several months seem to understand the federal government is doing everything it can. They also seem to realize that blanket loan moratoriums would not solve the problem, and would probably worsen it by jeopardizing the viability of agricultural lending institutions.

Let me turn now to the department's budget proposals for fiscal year 1984.

Fiscal 1984 Budget Proposals

For fiscal 1984, the total value of the goods and services provided by the U.S. Department of Agriculture is estimated at $57.1 billion. Outlays associated with this program level are estimated at $35 billion. Both of these numbers represent slightly more than a 20 percent reduction from the record levels now estimated for fiscal 1983 of $72 billion and $45 billion for program level and outlays, respectively. The reductions affect many programs. In fact, each program area of the department was reviewed extensively in our desire to balance resource needs with the overriding concern to bring the federal budget under control.

Each committee member has been provided with a copy of our budget summary which describes the budget proposals in detail. I would like to discuss a few of these items at this time.

Maintaining the quality of agricultural research and extension has been and continues to be a primary goal of this administration. However, the need to restrain federal spending means that even highly desirable programs will have little or no growth in fiscal 1984. We have provided a very small increase for the Agricultural Research Service, maintained the key formula programs of the Cooperative State Research Service and the Extension Service at the fiscal 1983 level, and added a

basic animal research component to the competitive grants program. We have proposed reductions in a number of earmarked programs because we believe that in a tight budget it is best to give our cooperators maximum possible flexibility in allocating the available funds.

In the Animal and Plant Health Inspection Service, we continue to propose shifting the emphasis in the brucellosis program from eradication to control. This will save the government nearly $33 million in fiscal 1984. The infection rate is currently running at less than one-half of 1 percent and annual federal appropriations exceed losses to the industry by more than two to one. However, I want to emphasize that we are committed to the long-term continuation of essential quarantine and inspection programs to protect our agricultural industry from diseases and pests.

Expanding the export of U.S. agricultural commodities also continues as a priority of this administration. In the State of the Union message, the president discussed a broader strategy for international trade, one that increases the openness of our trading system and is fairer to American farmers and workers in the international marketplace. The market intelligence and market development efforts of the Foreign Agricultural Service (FAS) are critical to the success of this effort. We propose an increase of $10.3 million for FAS in fiscal 1984. This will provide for an increase in the market development function as well as the maintenance of FAS intelligence and analysis activities. We are continuing to shift our market development activities to those countries and commodities that have the greatest growth potential.

The trade strategy also includes adequate export financing to sell American products overseas. In October, I announced a new "blended credit" export program. This program combines direct government credit, at zero interest, with government-guaranteed private loans at commercial rates of interest, to produce an attractive, low-cost financing package. The program is targeted at developing countries. The initial program of $500 million was extremely successful—in just over two months, all of the funds were committed. They will be used to export 3.0 million metric tons of grains, soymeal and vegetable oil, and 200,000 bales of cotton. As a result, on Jan. 11, the president

announced that an additional $1.25 billion in blended credits will be available this year.

In fiscal 1983, we also expect to guarantee at least $3.4 billion in commercial credit in addition to the $1.4 billion of loan guarantees included in the blended credit program. Thus, total guaranteed credits will be at least $4.8 billion; the total export credit level, guaranteed and direct, will be over $5.1 billion.

In fiscal 1984, we expect that the world economy will be well on the way to recovery and that a less ambitious export credit program may be appropriate. At this time, we plan to make available at least $3 billion in guarantees, and $100 million in direct credit. Let me assure you, however, that actual credit levels will depend on the need to enhance exports during fiscal year 1984. We will respond as circumstances develop. We will also make available at least an additional $75 million to $90 million for direct export promotion activities, as yet unspecified, as required by the Omnibus Budget Reconciliation Act of 1982, and we will finance almost $900 million of concessional sales under Title I of P.L. 480. We are prepared to tailor our programs to meet the needs of the world economy and the unfair trade practices of other countries.

We do need the urgent help of the Congress in providing adequate financing to assure that the Commodity Credit Corporation (CCC) can continue to carry out its responsibilities. CCC outlays for fiscal 1983 are projected at $18.3 billion. With this level of activity, even the recent injection of $10.5 billion provided by the fiscal 1983 Agricultural Appropriations Act will soon be exhausted. We are requesting a supplemental appropriation for fiscal 1983 of $5.7 billion to reimburse the CCC for its fiscal year 1983 losses. This help is urgently needed.

In fiscal 1984, CCC net outlays are projected at $9.3 billion. As always, this is a very tentative estimate. It is contingent upon more normal growing conditions, implementation of our acreage reduction and PIK programs, continued efforts to reduce the cost of the dairy program and congressional approval of a number of legislative proposals including freezing target prices.

Overall, the 1984 outlay estimate is $9 billion below fiscal 1983 and $3.1 billion below what these programs would cost without PIK and the changes we are recommending. Our fiscal 1984 request includes $10.2

billion to reimburse the CCC for its projected 1984 losses to ensure we have sufficient capital to operate our programs.

In addition to CCC activities, the U.S. Department of Agriculture will continue to be a significant supplier of credit to rural America. Farm loans offered through FmHA will continue at about $4 billion in fiscal 1984 and, as in the past two years, we will increase our emphasis of farm operating loans. Rural community development loans will be reduced, primarily by terminating the business and industry program. Rural electric and telephone loans will be reduced by $1.9 billion to a level of $4.1 billion. Rural housing programs will be consolidated by creating a state-administered housing block grant program. The block grant program, which is budgeted at $850 million for fiscal year 1984, will make better use of limited federal dollars and reduce long-term budget commitments.

Even with these belt tightening measures, total outstanding credit to rural America is estimated to reach $146 billion by the end of fiscal 1983 and $151 billion by the end of fiscal 1984.

The president's statement of policy and the department's program for soil and water conservation activities were sent to Congress Dec. 21, 1982. The Resources Conservation Act (RCA) policy statement and program are based on extensive surveys and evaluations of soil and water resources and will serve as a basis for the administration's budget and program policy recommendations for the next several years.

The key features of the program include: (1) assigning highest priority to reducing soil erosion, upstream flooding and water conservation where the long-term productivity of agricultural land is threatened; (2) targeting federal assistance to geographical areas where there is a concentration of critical problems affecting soil productivity; and (3) encouraging state and local governments to accept greater responsibility for resource problems.

Total funding for soil and water conservation activities in fiscal 1984 is proposed at $694 million. Budget constraints make it necessary to recommend a funding level that is 6 percent less than the minimum RCA program projection. However, the department's ability to provide technical assistance for conservation activities is unimpaired.

The $475 million proposed for the Soil Conservation Service (SCS) includes a small increase for conservation technical assistance. Targeting

to critical areas has proven to be very effective and will be increased in fiscal 1984 to 10 percent of the program. The presence of technical experts in the right place at the right time is often crucial to successful conservation efforts.

There are substantial reductions in small watershed planning and construction, primarily for fiscal policy reasons. The administration continues to recommend termination of the resource conservation and development (RC&D) program because previous reviews have not documented program accomplishments that would warrant higher priority. Furthermore, these activities are considered to be primarily state and local responsibilities.

As in fiscal 1983, the fiscal 1984 budget for the Agricultural Stabilization and Conservation Service recommends substantial reductions in the Agricultural Conservation Program (ACP) and related cost-share programs. Fifty-six million dollars is requested for the combined ACP, emergency conservation, forestry incentives and water bank programs.

This is a reduction of $155.3 million below the 1983 congressional level. These reductions are also based primarily on fiscal policy considerations. In a tight budget, investments in cost-sharing and watershed programs can be deferred so long as we maintain our technical assistance efforts and attention to soil erosion.

There is also a new consolidated program proposed for Colorado River salinity control, funded at an increased level. Heretofore, salinity control activities have been carried out under the ACP and several Soil Conservation Service programs. However, the ACP is not ideally suited to special salinity control program needs and program planning and administration might be improved with funding coming from a single source.

For the Forest Service there is a 6 percent reduction in program funding. However, if the sharing of receipts with states from the timber and other programs is counted, total obligations will increase by 1 percent.

In his State of the Union Address, the president noted the recent upsurge in housing starts and housing permits. He also noted that with the progress we have made on inflation, there is still room for interest rates to come down further. All this bodes well for the strong recovery

of the housing industry, the largest consumer of wood products in our economy.

Since half the standing sawtimber in the country is on the national forests, it is crucial that the Forest Service timber sales program play an important role in providing wood to the construction industry and avoiding an escalation of raw material prices as demand increases.

In fiscal 1984, there is a 4 percent increase in the timber program. There is also a 26 percent increase in the minerals program in recognition of the high rate of return from receipts generated from the program. The timber, minerals and serveral other programs are expected to produce $1.4 billion in 1984 receipts.

In recreation, expenditures are being reduced 4 percent. We have under development a legislative proposal that will permit an increase of user fees estimated at $25 million. It is desirable that the actual beneficiaries of programs bear a greater portion of the cost rather than imposing most of the burden on the taxpayers as a whole.

As part of the asset management program administered by the president's property review board, the administration intends to propose legislation to broaden our authority to dispose of a small portion of the national forest lands. Lands to be identified for potential disposal would be lands that are difficult to manage or which can be more advantageously used in private ownership. The department is currently in the process of identifying lands that may fit these categories. We estimate that there are 15-18 million acres which would have to be intensively studied for possible sale. In fiscal 1984, $200 million in revenue is anticipated.

The budget proposal for state and private forestry is a reduction of 60 percent from the fiscal 1983 appropriation. This large reduction in funding will substantially change the federal role in trying to improve management of forested lands in non-industrial private ownership. Instead of cost-sharing for various protection, management and technology transfer activities, the federal role henceforward will be more limited and indirect. Recent tax law changes provide economic incentives to private landowners for improving forest management.

For the domestic feeding programs, several proposals are being made. These proposals are aimed primarily at program simplification and the reduction of waste, fraud and abuse. Cost-of-living increases are

also being temporarily deferred in line with the president's announcement. We believe that our proposals are consistent with the dual objectives of fiscal restraint while responding to the needy.

The child nutrition programs are being funded at a level of $2.9 billion in fiscal 1984. The school lunch proposals for fiscal year 1984 are technical in nature and will not alter the basic structure of free, reduced price, and paid meals that have made the school lunch program so popular. They include establishing an indexed reimbursement rate for reduced price meals, instituting a six-month delay in the cost-of-living adjustment, and transferring responsibility for determining and verifying eligibility for free and reduced price meals to the local food stamp office. Additional funds have been provided to cover the increase in administrative costs at the food stamp offices.

In addition, the department is proposing a general nutrition assistance grant to replace the summer feeding program, the child care food program and the school breakfast program. This consolidated grant will be funded at 85 percent of what these programs would have received in fiscal 1984. It is expected that the elimination of the many detailed specifications, regulations and policies will provide states with a substantial savings in administrative costs. All told, these changes are expected to save about $313 million in fiscal 1984.

For the food stamp program, the administration is requesting a $1.2 billion supplemental in fiscal 1983 to assure that adequate funds are available for the rest of the year.

For fiscal 1984 the administration's proposals are intended to simplify program administration and increase the responsibility of state and local governments for the accuracy of their certifications.

We are proposing several actions to simplify program administration which should reduce errors by at least 20 percent (or approximately $200 million). Included is a provision to simplify the current series of income deductions by creating a combined standard/shelter deduction available to all households. The legislative proposal also provides for automatic eligibility and a standard benefit for food stamps for aid for dependent children (AFDC) recipients. Finally, we propose to simplify the currently complex provisions on household definition.

Errors in eligibility and benefit determination made at the local level are the major cause of funds being improperly used. Since the federal

government has no direct control over food stamp certification, the states should accept a greater financial responsibility for improperly issued benefits.

We are, therefore, proposing that the states be liable for all erroneous certification errors exceeding three percent of total issuance.

We are also proposing legislation that would require states to operate a program which would combine the receipt of food stamp assistance with the opportunity to work. Such a program requires able-bodied food stamp recipients to work at public or private sector jobs as a condition of continued program participation.

As part of the overall government-wide freeze on cost-of-living increases, the automatic update of food stamp benefits on Oct. 1, 1983, will be delayed until April 1, 1984.

We are proposing to transfer the "food subsidy" portion of the elderly feeding program to the Administration on Aging. The elderly feeding program already is housed in the Administration on Aging, and USDA has virtually no responsibility for administering this program. USDA simply provides commodities or cash-in-lieu of commodities as part of the program's federal subsidy. Since many areas accept cash, this program is not a major commodity outlet.

The special supplemental food programs for women, infants and children, the special milk program and the food donations program all will be carried out at essentially the fiscal 1983 resource levels.

The department provides an important subsidy to many food assistance programs in the form of commodities. In fiscal 1984, the department will continue its efforts to upgrade the commodity distribution system and move more of the commodities that are in abundance to schools, institutions, and needy persons, including food banks participating in the special cheese and butter distribution.

Since the inception of the special cheese and butter distribution program in December 1981, 500 million pounds of cheese and 125 million pounds of butter have been made available to the states. About half of these amounts have acutally been ordered by the states, to date.

I have discussed many of the legislative changes we are proposing in support of the fiscal 1984 budget. A more complete listing of these proposals is submitted for your information.

I appreciate the opportunity to be here today and I look forward to working closely with the committee to accomplish the changes necessary to insure sustained productivity and financial stability for rural America.

PROPOSALS

Food Safety and Inspection Service

Amendment to the Meat & Poultry Inspection Acts to authorize "less than continuous" inspection.

This proposal would eliminate the "continuous" inspection requirement at meat and processing plants. The frequency of inspection of each facility will be based on criteria set out in the proposal.

Agricultural Marketing Service

Amendment to the Egg Products Inspection Act (EPIA) to authorize "less than continuous" inspection.

This proposal would eliminate the "continuous" inspection requirement for other than breaking operations and permit the reduction of the number of surveillance visits to shell egg handlers.

Recovery of costs associated with marketing agreements and orders through user fees.

This proposal would provide for recovery of the department's administrative costs associated with the federal marketing agreement and order program and provides for establishment of a trust fund for deposit of receipts.

Recovery of costs for operations pursuant to the Plant Variety Protection Act through user fees.

Fees to cover the cost of handling new applications would be charged to breeders of sexually-reproduced plants who apply for protection under the Plant Variety Protection Act.

Recovery of costs associated with printed cotton and tobacco market news reports through user fees.

This proposal would provide for the recovery of costs associated with the postage, printing and handling of printed cotton and tobacco market news reports.

Recovery of costs associated with wool promotion through user fees.

This proposal would provide for reimbursement of the costs incurred by the department in the administration of the wool promotion program and for the conduct of the wool referendum.

Animal and Plant Health Inspection Services

Recovery of costs associated with plant and animal quarantine through user fees.

This proposal would allow USDA to prescribe changes for services provided to exporters requesting phytosanitary certificates for plants and plant products; importers and exporters of animals, animal products, or materials; for cleaning and disinfecting means of conveyance of animals; and to ensure that animals are transported humanely.

Farmers Home Administration

Extension of Consolidated Farm and Rural Development Act to assist farmers and other rural people who are unable to obtain credit elsewhere.

This proposal would extend the Act through FY 1986. The proposal will allow the department to continue to provide a share of the financial assistance needed to sustain farmers and other residents in rural America using insured and guaranteed farm operating loans.

Extension of Title V of the Housing Act to increase local autonomy as well as to reduce dependence on the federal government as a supplier of credit.

This proposal would revise Title V to provide for a block grant program to replace our existing rural housing programs. Grants would be made to states who could then design their own programs to assist low-income families in obtaining improved housing.

Office of Finance and Management

Provide for additional capitalization of the working capital fund.

This proposal would increase the authorized capital level of the fund. The capital would be derived from the value of the assets currently in the WCF, those assets which may be brought into the WCF at a future time as new activities are added, and such amounts as provided by appropriation acts.

Forest Service

Permit the reimbursement of costs for fire fighters of foreign nations in fighting U.S. wildfires.

The proposal would improve our wildfire fighting capability by allowing the federal government to reimburse foreign governments for costs they incur in wildfire prevention and suppression activities on U.S. federal lands. The assistance would involve both manpower and equipment and we estimate the need for such assistance to occur 2 or 3 times each decade. The U.S. currently has authority to provide firefighting assistance to foreign nations.

Recovery of costs through user fees for national forest recreation areas.

This proposal would provide the authority to charge a reasonable fee to persons using national forest recreation areas and facilities. The additional funds would support these areas and facilities over and above general revenue funds.

Authority for disposal of excess national forest system lands.

Lands likely to be considered for disposal would include lands scattered, isolated, and in checkerboard ownership patterns, portions of the national grasslands, and certain other lands already under paid special use permit. This proposal supports the president's federal assets management program which calls for more efficient management of federal properties and disposal of excess federal lands.

Food and Nutrition Service

Amend the School Lunch Act and the Child Nutrition Act of 1966.

This proposal will establish a general nutrition assistance grant to replace child care, summer, and school breakfast programs; establish an indexed reduced-price reimbursement rate for national school lunch program (NSLP); transfer responsibility for eligibility determination and verification for NSLP to the local food stamp office; delay by six months cost-of-living adjustments (COLA) for NSLP and special milk program, and eliminate the nutrition education and training program (NET).

Amend the Food Stamp Act of 1977.

The proposal will achieve administrative efficiencies through establishing a consolidated standard/shelter deduction; simplifying the

earnings deduction; revising the household definition; and providing for simplified application procedures. Cost containment will be addressed through provisions for mandatory workfare; for standardized benefits for AFDC households; for assumption of responsibility for errors over three percent by the states in fiscal 1984 and beyond, and a six month delay in COLA adjustments.

Agricultural Stabilization and Conservation Service

Improve programs for the stabilization of agricultural prices and production.

The secretary would be given authority to maintain target prices through 1985 at the same level as for the 1983 crops by amending the Agricultural Act of 1949. Currently dairy products are authorized to be donated overseas under Section 416 of the Agricultural Act of 1949. Section 416 of the Act would be expanded with this proposal to include agricultural commodities other than dairy products.

Colorado River Basin salinity control.

This proposal would establish a separately funded program for salinity control in the Colorado River. The change allows for a more coordinated approach to planning, implementing, and evaluating the salinity control program.

Establish an improved program for extra long staple cotton.

This proposal would repeal marketing quotas and suspend acreage allotments to permit greater freedom by farmers in determining the most efficient use of their resources. The proposal would also lower the minimum loan level, which would permit ELS to again compete with synthetic fibers and in world markets while still providing price protection and permitting orderly marketing.

Repeal the mandatory honey price support program.

This proposal would permit the secretary to support the price of honey by means of loans, purchases, or other operations using discretionary authority in accordance with Section 301 of the Agricultural Act of 1949, as amended. This would amend the Act to allow the price of honey to be supported, taking into consideration the needs of beekeepers as well as the potential cost to consumers.

Reduce number of community Agricultural Stabilization and Conservation Committee elections and restructure election process.

This proposal would change community committee elections from being held annually to only once every three years, which would increase stability and decrease costs.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

USDA TO CHANGE ELIGIBILITY RULES FOR PLANT PROTECTION BY FOREIGN NATIONALS

WASHINGTON, Feb. 7—The U.S. Department of Agriculture has proposed changing the eligibility for United States protection of plant varieties developed by foreign nationals.

USDA is proposing the change to bring United States protection regulations into line with the International Union for the Protection of New Varieties of Plants.

Vern F. Highley, administrator of USDA's Agricultural Marketing Service, said the United States became a member of this union in 1981 and must meet the treaty requirements of the organization if U.S citizens are to receive similar privileges in union member countries. Sixteen countries currently belong to the union.

The proposed change would allow plant breeders of union member countries to apply for plant variety protection in the United States when the new variety is a vine or tree that has not been marketed for more than six years. For all other plants the marketing period allowed would be limited to four years.

Highley said the proposed change also would allow citizens of member nations to receive the same protection rights in the United States as U.S. citizens. It also would give U.S. citizens protection privileges in member countries.

This could result in an increase in the number of varieties available to U.S. agriculture, he said. It also would expand markets for U.S. breeders by allowing U.S. breeders to acquire protection of varieties in member countries.

The extent of protection foreign nationals now can receive in the United States is limited by separate reciprocity agreements between countries.

The plant variety protection program provides marketing protection for newly developed seed-reproduced plant varieties, ranging from flowers to farm crops.

Comments on the proposal will be accepted until March 4 and should be send to Kenneth H. Evans, Plant Variety Protection Office, USDA, Room 500, National Agricultural Library, Beltsville, Md. 20705.

#

USDA SEES FOOD SHIPMENTS AS NEAR NORMAL

WASHINGTON, Feb. 7—The independent truckers strike has had little impact on the U.S. food distribution system, although there have been isolated incidents of truck shortages at shipping points, a U.S. Department of Agriculture official said today.

"There is an adequate supply of trucking capacity and minimum delays in transportation of perishables including fluid milk, fresh meat, poultry, seafood, cut flowers and fruits and vegetables," said Martin F. Fitzpatrick, director of USDA's Office of Transportation. "In some instances rail piggyback service—highway trailers on rail flatcars—has been an effective substitute for long distance trucking."

Truck arrivals at all the eastern wholesale markets were lighter than normal Monday due in part to a winter snowstorm. Commodity prices are generally higher, he said, but not all due to the truckers' strike. Some western commodities are higher because of rain in California growing areas. South Florida harvesting is off due to rain.

Truckers in most shipping areas were more selective in loads they would accept, in some cases refusing loads to violence prone areas or demanding higher rates.

In Baltimore, Md., truck arrivals were lighter than prior to the shutdown, but rail receipts were up about 50 percent. In Pittsburgh, Pa., supplies were tight with no new arrivals of some commodities. In New York, supplies of most commodities were adequate except for a few Florida and Texas commodities.

In the livestock and meat industries, markets are experiencing some delays due to weather conditions. Cancelled shipments due to the work stoppage are rare, though truckers are receiving higher rates in some instances.

"U.S. truckers are essential to the transportation of food and fiber," Fitzpatrick said. "The Office of Transportation will continue to monitor the situation on a daily basis and will assist our nation's truckers to insure safety on the highways."

#

MEMBERS NAMED TO USDA WHEAT INDUSTRY COUNCIL

WASHINGTON, Feb. 7—Secretary of Agriculture John R. Block today appointed ten members and their alternates to serve on the Wheat Industry Council for two year terms. Block also appointed two other alternates for one year to fill council vacancies.

The 20-member council administers a national research and nutrition education program for wheat and wheat foods. Membership is composed equally of wheat producers, processors, end-product manufacturers and consumers.

Appointed as council members for the first time are. Wesley O. Tossett, Lansford, N.D., and Vivian J. Thuesen, Dagmar, Mont., representing producers; Paul A. Vermylen, A. Zerega's Sons, Inc., Fairlawn, N.J., representing end-product manufacturers; and Doris Salmon, Oregon Consumer League, Pendleton, Ore.; Alice Perkins, American Dietetic Association, Chicago, Ill.; and G. Richard Jansen, Colorado State University, Fort Collins, Colo., representing consumers.

Members reappointed are Phillip W. Orth, Phillip Orth Co., Oak Creek, Wisc., Howard S. Holmes, Chelse. Milling Co., Chelsea, Mich., and H.D. Hale, ADM Milling Co., Shawnee Mission, Kan., representing processors. Also reappointed was Lauren H. Batty, ITT Continental Baking Co., Rye, N.Y., to represent end-product manufacturers.

Newly appointed alternates are L.A. Braunagel, Devil's Lake, N.D., representing producers, and John W. Allen, J.W. Allen and Co., Wheeling, Ill., Frank A. Yost, Hopkinsville Milling Co., Hopkinsville, Ky., and Roger F. Morrison, ConAgra, Inc., Omaha, Neb., representing processors; Robert F. Sexton, Campbell Taggart, Inc., Dallas, Texas, and C. Mickey Skinner, San Giorgio Skinner Co.,

Omaha, Neb., representing end-product manufacturers. Mary Jane Sorber, Oregon Consumer League, Portland, Ore., Helen D. Ullrich, Society for Nutrition Education, Berkeley, Calif., and Paul A. Lachance, Rutgers University, New Brunswick, N. J., were appointed alternates to represent consumers.

Harry E. Bathurst, Blackwell, Okla., was reappointed as an alternate producer member.

Alternates appointed to fill one-year vacancies are Richard A. Coonrod, Pillsbury Co., Minneapolis, Minn., and Andrew Schmitz, University of California, Berkeley, Calif. Coonrod will represent processors and Schmitz will represent consumers.

USDA's Agricultural Marketing Service monitors the wheat and wheat foods program and reviews its budget, plans, and projects to ensure that the program operates within the legislative authority.

#

SECRETARY BLOCK TO SIGN U.S.-MEXICO TRADE SUPPLY AGREEMENT

WASHINGTON, Feb. 4—Secretary of Agriculture John R. Block will sign a U.S.-Mexico agricultural supply agreement covering 6.2 million tons of U.S. agricultural exports to Mexico during 1983.

Block will sign the agreement Feb. 17 in Mexico City during the second day of a three-day visit to Mexico.

Commodities under the agreement include corn, sorghum, sunflower seed, soybeans, cottonseed, tallow, powdered milk and shell eggs. The agreement provides for $1.6 billion in Commodity Credit Corporation export credit guarantees, including the $1 billion announced last fall. It also provides for direct CCC sales of 60,000 tons of powdered milk to Mexico; semiannual consultations on Mexican import needs; and U.S.-Mexican transportation coordination.

While in Mexico, Block will meet with Mexico's Secretary of Agriculture Horatio Garcia Aguilar and Secretary of Commerce Hector Hernandez Cervantes to discuss agricultural trade policy and mutual concerns.

"Last year we sold almost $1.5 billion of agricultural products to Mexico." Block said. "So it is especially important to facilitate trade through credit arrangements, to overcome export transportation difficulties and to maintain a viable forum for regular trade discussions."

Block also will visit a screwworm sterile fly production plant in Tuxtla Gutierrez on Feb. 18. A joint Mexico-United States Screwworm Commission has been working to eradicate this pest which has caused serious problems for livestock producers in both countries. The screwworm now is under control or eradicated in 56 percent of Mexico and all of the United States. Eradication depends on constant breeding and release of sterilized screwworm flies.

C.W. McMillan, assistant secretary of agriculture for marketing and inspection services, and Richard A. Smith, Foreign Agricultural Service administrator, will travel to Mexico with the secretary and participate in the first joint consultation called for in the bilateral supply agreement on Feb. 18.

#

NEW USDA RURAL DEVELOPMENT POLICY PROPOSED

WASHINGTON, Feb. 4—The U.S. Department of Agriculture today proposed a new rural development policy designed to improve community facilities and services, increase local decision-making authority and enhance employment and housing opportunities in rural America.

The policy, entitled "Better Country," was developed after consultation with hundreds of rural citizens and organizations, in cooperation with a 25member National Advisory Council on Rural Development appointed by Secretary of Agriculture John R. Block.

In a letter transmitting the new policy to Congress, Block said, "The fundamental premise of this strategy is that local and state governments have the right—and should have the authority—to decide how public resources should be spent in rural America. The federal role becomes one of strong support rather than central direction, and the agenda for action is set principally by rural citizens themselves."

According to the strategy, significant progress has been made in rural America over the last decade, with population and employment growth in rural areas exceeding that of urban America. Advances in education, health care, housing, government and other fields also helped reverse a century-old rural decline.

But the proposal points out that many rural areas continue to suffer poverty, isolation and decay of facilities. It said, on the average, rural America still lags behind urban America.

Rural America has already benefitted from current administration policies, the proposal said, including substantially lowered inflation and interest rates, major tax relief and federal spending restraint, regulatory reform, new job training programs, a strong emphasis on international trade, and the consolidation of some categorical aid programs into block contracts.

In addition, the nine-point rural development strategy calls for:— Incorporation of additional community development programs into block grants to give local governments greater authority and flexibility, with an equitable portion of these block grant funds guaranteed for rural America.

— Regulatory reform of rural development assistance programs through administrative means.

— Creation of optional state-level technical rural assistance information networks to link technical assistance services with local rural development leaders, under the sponsorship of both public and private authorities.

— Publication of a rural resources guide cataloging the nature and scope of private and public rural assistance activities and identifying "effective means of access" to them.

— Improvements in the quality and detail of government data on rural America, to help avoid statistical gaps which impede development efforts and mask the diverse conditions of rural regions.

— Establishment of a rural housing block grant program to support state efforts to improve existing housing, build new houses and help lowincome rural residents meet rising housing costs.

— Endorsement of "enterprise zone" legislation to attract new job producers to disadvantaged areas, including rural areas, with tax and regulatory incentives.

— Expansion of international trade in rural American products through export trading companies, negotiations for reform of foreign trade practices which unfairly restrict the export of such products, and more systematic dissemination of government-sponsored foreign market research and other assistance to American trading interest.

— Review of rules governing federal credit assistance to define actions that will ensure adequate rural access to government credit programs.

#

MEATS AND ALTERNATES—USDA HELPS FIND THE BEST BUYS

WASHINGTON, Feb. 8—Beef liver, turkey, chicken, ground beef, frozen perch filets and pork shoulder were found to the best meat buys in a recent study by the U.S. Department of Agriculture.

The economy of a cut depends on the amount of cooked lean meat or the number of servings it provides, as well as its price per pound, according to Esther Winterfeldt, administrator of USDA's Human Nutrition Information Service.

"A relatively high-priced meat with little or no waste may be more economical than a low-priced cut with a great deal of bone, gristle or fat," she said. Prices in this study, which included meat alternates as well as selected types and cuts of meat, poultry and fish, were for four consecutive weeks in December 1982 in five Washington, D.C., area supermarkets.

The study also compared the costs of 20 grams of protein—about one-third of the daily recommended allowance for a young man—from selected meats and alternates. Some meat alternates—such as dry beans, eggs and peanut butter—are as good or are better buys than less expensive cuts of meat.

However, some processed meat products, such as frankfurters and bologna, were found to cost more as sources of protein than some pork and beef roasts.

Winterfeldt said that while a 3-ounce serving of cooked lean meat, poultry or fish provides 20 grams of protein or more, the amount of

some alternates and meat products required to provide 20 grams of protein is well over the amount people normally eat in a day. For example, it takes one and one-half cups of cooked dry beans, four frankfurters, or 10 slices of bacon to provide 20 grams of protein.

Winterfeldt said consumers can use the following tables to obtain comparable costs for meat and alternates in their supermarkets by multiplying the part of the market unit figure by the local price per unit.

Estimated Cost of Meats and Meat Alternatives

Cost of 3 ounces of cooked lean from specified meat, poultry and fish—average using prices for 4 consecutive weeks in five Washington, D.C., area supermarkets—in December 1982:

Food	Retail price per pound[1]	Part of pound for 3 ounces of cooked lean	Cost of 3 ounces of cooked lean
Beef liver	$0.93	0.27	$0.25
Turkey, ready-to-cook	.69	.41	.28
Chicken, whole, ready-to-cook	.57	.55	.31
Ground beef, regular	1.37	.28	.38
Ground beef, lean	1.85	.26	.48
Ocean perch, fillet, frozen	1.85	.27	.50
Pork shoulder, smoked Bone in	1.10	.46	.51
Ham, whole, bone in	1.53	.35	.54
Chicken breasts	1.39	.40	.56
Ham, canned	2.32	.25	.58
Haddock, filet, frozen	2.43	.27	.66
Chuck roast of beef, bone in	1.61	.45	.72

(Table continued on next page)

Food	Retail price per pound[1]	Part of pound for 3 ounces of cooked lean	Cost of 3 ounces of cooked lean
Rump roast of beef, bone out	2.16	.34	.73
Pork loin roast, bone in	1.70	.51	.87
Round beefsteak, bone in	2.57	.34	.87
Leg of lamb, whole, bone in	2.22	.42	.93
Pork chops, center cut	2.55	.45	1.15
Sirloin beefsteak, bone in	2.74	.43	1.18
Rib roast of beef, bone in	3.39	.45	1.53
Porterhouse beefsteak, bone in	3.81	.52	1.98
Lamb chops, loin	4.82	.46	2.22

Cost of 20 grams of protein from specified meats and meat alternates at December 1982 prices:

Food	Market unit	Price per market unit[1]	Part of market unit to give 20 grams of protein[2]	Cost of 20 grams of protein
Dry beans lb	$0.44	.24	$0.11	
Bread, white, enriched[3]	22 oz	.44	.37	.16
Beef liver	lb	.93	.24	.22
Turkey, ready-to-cook	lb	.69	.33	.23

(Table continued on next page)

Food	Market unit	Price per market unit[1]	Part of market unit to give 20 grams of protein[2]	Cost of 20 grams of protein
Chicken, whole, ready-to-cook	lb	.57	.42	.24
Eggs, large	doz	.89	.28	.25
Peanut butter	12 oz	1.32	.23	.30
Milk, whole, fluid[4]	half-gal	.98	.31	.30
Bean soup, canned	11.25 oz	.40	.82	.33
Pork shoulder, smoked, bone in	lb	1.10	.32	.35
Tuna, canned	6.5 oz	.84	.44	.37
Chicken breasts	lb	1.39	.27	.38
Ham, whole, bone in	lb	1.53	.30	.46
Ground beef, lean.	lb	1.85	.25	.46
Sardines, canned	3.75 oz	.53	.86	.46
American process cheese	8 oz	1.26	.40	.50
Pork loin roast, bone in	lb	1.70	.33	.56
Ham, canned	lb	2.32	.24	.56
Chuck roast of beef, bone in	lb	1.61	.35	.56
Rump roast of beef, bone out	lb	2.16	.26	.56
Frankfurters	lb	1.46	.39	.57
Ocean perch, filet, frozen	lb	1.85	.31	.57
Pork sausage	lb	1.18	.48	.57
Round beefsteak, bone in	lb	2.57	.23	.59
Bacon, sliced	lb	1.20	.52	.62

(Table continued on next page)

Food	Market unit	Price per market unit[1]	Part of market unit to give 20 grams of protein[2]	Cost of 20 grams of protein
Liverwurst	8 oz	.98	.65	.64
Leg of lamb, whole, bone in	lb	2.22	.30	.67
Haddock filet, frozen	lb	2.43	.31	.75
Sirloin beefsteak, bone in	lb	2.74	.28	.77
Salami	8 oz	1.31	.63	.83
Bologna	8 oz	1.16	.75	.87
Pork chops, center cut	lb	2.55	.35	.89
Rib roast of beef, bone in	lb	3.39	.33	1.12
Porterhouse beefsteak, bone in	lb	3.81	.34	1.30
Lamb chops, loin	lb	4.82	.32	1.54

[1]An average using prices for 4 consecutive weeks in 5 Washington, D.C. area supermarkets. Prices for processed items are for the least costly brand in the market unit specified.

[2]One-third of the daily amount recommended for a 20-year-old man. Assumes that all meat is eaten.

[3]Bread and other grain products, such as pasta and rice, are frequently used with a small amount of meat, poultry, fish, or cheese as main dishes in economy meals. In this way the high-quality protein in meat and cheese enhances the lower quality of protein in cereal products.

[4]Although milk is not used to replace meat in meals, it is an economical source of good-quality protein.

#

COTTON ADVISORY COMMITTEE ON INSTRUMENT STANDARDS TO MEET MARCH 22

WASHINGTON, Feb. 8—The Advisory Committee on Instrument Standards for Cotton will meet March 22 in Lubbock, Texas, to continue its work of developing recommendations for the U.S. Department of Agriculture.

The meeting, which is open to the public, will be held at the Civic Center Auditorium, 1501 Sixth St., in Lubbock, beginning at 9:30 a.m.

C.W. McMillan, assistant secretary of agriculture for marketing and inspection services, said the committee will discuss a list of technical issues developed at its initial session in November.

The 14-member committee is comprised of representatives of cotton growers, ginners, merchants, cooperatives, textile manufacturers, the warehouse industry and the research community.

McMillan said public participation will be limited to written statements submitted prior to the meeting. Statements should be sent to: Jesse F. Moore, Cotton Division, Agricultural Marketing Service, Rm. 302, Annex Bldg., USDA, Washington, D.C. 20250.

#

PUBLIC RESPONDS TO VOLUNTEER SOIL CONSERVATION SERVICE PROGRAM

WASHINGTON, Feb. 8—Nearly 600 persons nationwide have volunteered their time and talents for a new U.S. Department of Agriculture program to battle soil erosion and other natural resource problems.

Peter C. Myers, chief of USDA's Soil Conservation Service, said more than 300 persons are already performing a wide range of volunteer services on a part-time or full-time basis.

"We look forward to placing more volunteers during 1983 in areas of need to assist local soil and water conservation district," Myers said.

Volunteer areas include: clerical, information, conservation planning, surveying, conservation education, drafting, mapping, roadside seeding and revegetation and contracting assistance," he said.

"Age is not a factor," Myers said. "A second grade Brownie troop from South Dakota worked 72 hours making crop residue measuring devices for farmers to use after tillage operations. Also, a retiree in southeast Iowa now works with community leaders, teachers and students to help coordinate a county-wide environmental education effort."

Volunteers are not paid and are not considered federal employees, but they do receive legal protection as well as insurance for any work-related injuries, Myers said.

Myers said anyone interested in volunteering to improve America's soil or water resources should contact the local office of USDA's Soil Conservation Service or the local conservation district, usually in the county or parish seat.

#

BLOCK SAYS TAX CHANGE NEEDED FOR PIK COMMODITIES

WASHINGTON, Feb. 8—Secretary of Agriculture John R. Block says the Reagan Administration has endorsed a proposed change in the law concerning the tax treatment of payments-in-kind made to farmers under a production and stocks reduction program announced last month.

Under the proposed legislative change, payments-in-kind received by producers under the new PIK program would be treated for tax purposes in the same manner as actual production. This means that taxable income would not be reported until the farmer sold the PIK commodities.

"The Treasury Department has endorsed the change, and legislation has already been introduced," Block said. "We are confident that the Congress will move quickly so farmers will know for sure how the payments will be treated before the sign-up period for the PIK program closes on March 11."

Without the change, a payment-in-kind would be treated as income at the time the farmer has a right to receive it, regardless of when the commodities were actually sold by the farmer. Block said this could

mean a farmer would owe taxes on a payment-in-kind even though there had been no sale and no cash income to pay the taxes.

"The payments-in-kind under the PIK program will be a partial substitute for the commodities that would have been produced on land diverted from production," Block said. "So, we think it's only fair that the timing of taxes on PIK commodities be adjusted to coincide with when the producer has income from their disposition."

Block encouraged farmers to sign up early, noting that contracts can be revised or withdrawn through March 11, the final date to sign up. He said the contract does not become effective and binding until after the deadline. Thus, farmers are urged to sign up early to avoid overloading local ASCS offices during the final days.

#

USDA WITHDRAWS INSPECTION FROM HAYWARD, CALIF., MEAT DEALER

WASHINGTON, Feb. 9—The U.S. Department of Agriculture has withdrawn federal meat inspection services indefinitely from Milan's Smoked Meats, Hayward, Calif.

The firm defrauded its customers by adding water to hams and by selling adulterated pork, according to Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

Milan's president, Milan Sramek, and some of his employees electronically manipulated scales used to test-weigh pork so that incorrect data on the amount of added water in finished hams could be recorded, Houston said. They also used communications equipment, including a walkie-talkie, to warn employees of the approach of USDA inspectors. Additionally, the company, which processes and distributes pork, marketed pork loins that were putrid and off-color.

"Once inspection is withdrawn, a company cannot market its products since all meat sold in interstate commerce must be inspected and passed by the USDA," Houston said.

USDA took the action after Milan's and Sramek pleaded guilty last June in the U.S. District Court for Northern California to two felony charges for conspiring to violate the Federal Meat Inspection Act and

for transporting, offering for sale and selling pork that was adulterated and misbranded.

The court fined the company and Sramek $20,000 each for the two offenses. In addition, Sramek was sentenced to three years in prison and five years probation.

"USDA may withdraw inspection services if a company or anyone responsibly connected with it is convicted of a felony stemming from a violation of the Federal Meat Inspection Act," Houston said.

USDA inspects meat sold in commerce to ensure that it is wholesome, unadulterated and accurately labeled.

#

ADDITIONAL HEARING SET ON PROPOSED PECAN RESEARCH AND PROMOTION PROGRAM

WASHINGTON, Feb. 9—The U.S. Department of Agriculture has scheduled an additional public hearing in Washington, D.C., to consider an industry-funded program of research and promotion for pecans produced in 16 states.

The additional hearing will be held Feb. 28 and will begin at 9 a.m. in rm. 104-A of USDA's Administration Bldg., 14th and Independence Ave., SW, said Charles Brader, a marketing official with USDA's Agricultural Marketing Service. The session will continue for more than one day if necessary, he said.

Other sessions were already scheduled for Dallas, Texas; Atlanta, Ga.; and Mobile, Ala.

Brader said the proposed program would provide for marketing research and development projects for pecans, including promotion and paid advertising. Projects would be financed with assessments on pecans shelled in the continental United States. Assessments would be paid by pecan shellers.

Under the proposal, the production area would include Alabama, Arizona, Arkansas, California, Florida, Georgia, Kansas, Louisiana, Mississippi, Missouri, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee and Texas.

A 14-member board of growers, shellers, grower-shellers and a public member would work with USDA in administering the program.

Brader said the proposal and request for hearings were submitted to USDA by the Federated Pecan Growers' Association of the United States.

The first hearing began Feb. 8 in Dallas at the LeBaron Hotel, 1055 Regal Row. Brader said that session is expected to continue through Feb. 11.

Other sessions, which will begin at 9 a.m., local time, are scheduled:

— Feb. 14-16, in Atlanta, Ga., at the Richard B. Russell Federal Bldg., L.D. Strom Auditorium, Lower Plaza Level, 75 Spring St.,SW.; and

— Feb. 17-18, in Mobile, Ala., at the Mobile Gas Service Corp. Auditorium, 2828 Dauphine St.

#

USDA RESOLVES 15 ANIMAL WELFARE CHARGES IN FOUR-MONTH PERIOD

WASHINGTON, Feb. 9—From Oct. 1, 1982, to Jan. 31, penalties were imposed in 15 cases involving violations of the Animal Welfare Act and seven new charges of violating the act were filed, a U.S. Department of Agriculture official said today.

This compares with 32 cases resolved and 37 new charges during all of 1982. Comparable figures for 1981 were 31 and 27, respectively, according to Dr. Richard L. Rissler, supervisor of field enforcement of the act for USDA's Animal and Plant Health Inspection Service. These cases resulted from periodic, unannounced compliance inspections by USDA personnel, he said.

"Every deficiency doesn't lead to charges," Rissler said. "The responsible person first is given sufficient time to correct the problem. Our main objective is not to penalize people, but to make sure animals receive the proper shelter, transportation, feeding and sanitation that add up to good animal care."

The 15 resolved cases include:

— An Iowa dog dealer was fined $750, given a suspended sentence of 30 days in prison, and placed on two years of probation after being convicted in federal court of 22 counts of selling dogs wholesale without a license. Terms of her probation require that she obtain a dealer's license or divest herself of the dog kennel she operates.

— An Illinois dealer's license was revoked in settlement of charges that she housed dogs and cats under unsanitary conditions. She also was ordered to cease and desist from violating the Animal Welfare Act in the future.

— Two Kansas dog dealers, in business as partners, agreed to pay a $1,200 penalty and accept an order to cease and desist from future violations. They had been charged with selling dogs in 1981 and 1982 without a dealer's license. They had been inspected on two occasions but their premises did not meet federal standards. Since they paid the penalty, their premises were improved and a license was issued.

— Two dog dealers, operating a commercial breeding facility in Missouri, discontinued their business and surrendered their license in settlement of charges that they violated federal housing and sanitation standards.

— Two other Missouri dog dealers also closed their business, disposed of all of their dogs, and surrendered their license to settle a USDA complaint. They had been charged wih violating the federal housing and sanitation standards for dogs.

— A Florida corporation accepted an injunction to settle a charge that it transported guinea pigs, hamsters and gerbils in shipping containers that did not meet federal ventilation requirements. The company developed a new shipping container that meets federal standards and has placed the new containers in use.

— A Kansas dog dealer agreed to pay a $400 penalty and to abide by federal transportation requirements. The airline that shipped his 11 foxhounds in poorly marked and undersized crates from Kansas City to San Francisco earlier paid a $1,000 fine for this violation.

— A Minnesota animal dealer agreed to pay a $500 penalty and to abide by federal transportation requirements after 11 out of 17 reindeer he had shipped died in transit. The airline that carried the reindeer earlier paid a $500 penalty.

— A nationwide airline paid a $6,000 penalty to settle charges of shipping dogs and a polar bear under substandard conditions — the polar bear died shortly after arrival. The carrier agreed to instruct its employees in the proper handling of live animals.

— Another nationwide airline paid a $1,000 penalty to settle charges that two dogs were shipped in cages that were too small for the animals. The cages, standard "sky kennels," were cracked upon arrival and had to be taped to keep them from falling apart.

— A third airline agreed to register with USDA as a carrier after USDA presented information that it had shipped 190 dogs and 17 cats in 1980 and 1981. The corporation accepted a type of permanent injunction under which it agrees to abide by federal law.

— A major provider of monkeys for research based in New York agreed to pay a $3,500 penalty for shipping monkeys in substandard cages. The officers of the corporation said, in the agreemmnt, that they would make a concerted effort to educate their employees in the proper handling and care of monkeys.

— A Texas animal exhibitor agreed to provide nis one-bear exhibit with clean water, a clean cage and other care required by the Animal Welfare Act. He is under a type of permanent injunction to provide properly for his bear.

— A Utah animal exhibitor was fined $500 by a federal administrative law judge for transporting a wolf for exhibition without being licensed by USDA. The judge also imposed a permanent order against operating without a license, and the exhibitor subsequently secured the needed license.

— Another animal exhibitor, who used to operate an animal act out of Georgia, was fined $150 and accepted a cease-and-desist order, to settle charges arising from a 1981 incident. At a Tennessee shopping center performance, a tiger in the show lunged at a little girl and mauled a little boy. The tiger was then attacked by members of the audience and beaten with a wrench.

"All those charged and penalized for violating the Animal Welfare Act had been told previously of the registration and licensing requirements and the standards for animal care and comfort that go with them," said Rissler. "These standards cover a wide variety of

animals produced commercially for the pet trade, used for research or exhibition, or transported by carriers."

#

SWINE HEALTH ADVISORY COMMITTEE SUGGESTS PROGRAM CHANGES

WASHINGTON, Feb. 9—The secretary of agriculture's Swine Health Protection Advisory Committee has recommended that the U.S. Department of Agriculture exempt certain food waste products from federal regulations requiring cooking before being fed to swine.

Kenneth Hook, associate deputy administrator for USDA's Animal and Plant Health Inspection Service, said the committee reviewed implementation of the Swine Health Protection Act and other USDA health activities affecting the swine industry during the Feb. 3-4 meeting.

Hook said regulations under the Swine Health Protection Act require licensing of operators who handle food wastes fed to swine. Minimum standards are set for cooking these wastes.

Hook said the committee recommended exempting several classes of products if they originate from processing plants or major distribution points, but not from restaurants or institutions where they might be mixed with other food wastes.

The proposed exemptions include rendering plant products, dairy wastes, bakery products, candy, poultry and fish originating from waters other than the Pacific Ocean.

Hook said the Pacific Ocean restriction was included because of the presence of San Miguel sea lion virus, which is virtually identical with vesicular exanthama virus that causes a serious disease of swine.

Committee members agreed that the proposed exemptions would not result in transmitting contagious diseases that would threaten the swine industry.

The committee also suggested an amendment to the current requirement that garbage be cooked a minimum of 30 minutes at 212 degrees Fahrenheit.

Based on recent studies of heat penetration, they agreed that cooking at 180 degrees Fahrenheit for one hour would destroy all disease organisms, provided a one hour cool-down period were required. Such cooking would be permitted only for swine feeders with equipment capable of maintaining and monitoring the required temperature.

Committee members suggested that USDA officials review the status of states under the program at least once a year. This would assure that states with primary enforcement responsibilty maintain standards and enforcement equal to or better than the federal program.

After reviewing agricultural quarantine rules prohibiting the entry of certain foreign animal products and garbage, the committee requested prompt implementation of new legislation authorizing civil penalties for violating these regulations.

Committee members said they were pleased with current research on trichinosis and encouraged USDA to continue. They said they also were pleased with USDA's implementation of the Swine Health Protection Act and commended USDA officials for their work with the states.

The Swine Health Protection Advisory Committee is established under authority of the act.

Committee members are: Phillip Alampi, Titusville, N.J.; Marianne Ash, Lafayette, Ind.; A. Dewey Bond, Great Falls, Va.; Philip Bradshaw, Griggsville, Ill.; Robert Roy Combs, North Las Vegas, Nev.; McHenry Cooke, Hinkley Calif.; Charles R. Cooper, Blacksburg, Va.; Paul Doby, Springfield, Ill.; Earl Driggers, Bennettville, S.C.; Margaret Alberi Flynn, Columbia, Mo.; Alfred W. Keating, Arlington Heights, Ill.; T. Eul Liner, Lubbock, Texas; Rolland Paul, Willow Springs, Mo.; Donald Van Houweling, Centreville, Va.; John Villari, Wenonah, N.J.; and Willard H. Waldo, DeWitt, Neb.

#

USDA INVITES COMMENTS ON PROPOSED PEPPERMINT OIL MARKETING ORDER

WASHINGTON, Feb. 9—U.S. Department of Agriculture marketing officials are asking for comments from peppermint growers, handlers and the public on a proposed marketing order for peppermint oil.

Charles Brader, a marketing official with USDA's Agricultural Marketing Service, said comments may be submitted to USDA by March 31.

Brader said USDA received the proposal from a group of peppermint growers from Oregon, Washington and Idaho—the primary peppermint production area. Anyone may suggest changes in the proposal, or submit other proposals, he said.

"Peppermint oil is used to flavor such products as chewing gum, toothpaste and candy," Brader said. "In 1982, growers marketed about 3.5 million pounds of peppermint oil worth about $32 million."

A marketing order such as the one proposed is a means, backed by federal law, whereby agricultural producers and handlers can tailor the supplies of their particular commodity to expected market needs to improve their returns. Currently, 48 programs are in effect, covering a wide range of fruits, vegetables and specialty crops, and a variety of marketing activities. The programs are authorized under the Agricultural Marketing Agreement Act.

Brader said the program proposed for peppermint oil would be carried out by a USDA-appointed committee of growers and a public member. The committee would recommend annual marketing allotments which would set forth the amount of oil that handlers could buy from or handle for producers. Each producer would have a base that would be used to determine these amounts.

The secretary of agriculture would issue marketing regulations and the program would be financed by assessments paid by peppermint oil handlers.

About 600 peppermint growers from the production area would participate in the proposed program, Brader said. The production area would include Washington, Idaho, Oregon, Montana, North Dakota, South Dakota, Wyoming, Nebraska, Utah, Colorado, Kansas, and parts of California, Nevada, Missouri, Minnesota and Iowa.

To go into effect, any program would have to be approved by producers of peppermint oil.

Comments or additional proposals should be sent to J.S. Miller, chief, Specialty Crops Branch, Fruit and Vegetable Div., AMS, USDA, Rm. 2525-S, Washington, D.C. 20250; phone (202) 447-5697. Miller or Joseph C. Perrin, Northwest Marketing Field Office, AMS, USDA, Boise-Cascade Bldg., Suite 805, 1600 S.W. 4th Ave., Portland, Ore. 97201-5577; phone (503) 423-2724, have copies of the proposal.

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USDA EXPANDS AND CLARIFIES REQUIREMENTS FOR MEAT IMPORTS

WASHINGTON, Feb. 10—Effective March 14, U.S. Department of Agriculture regulations will require countries exporting meat to the United States to include tests on internal organs and fat in their residue testing programs.

The regulation formalizes procedures already in place or soon to be implemented in exporting countries, according to Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

The rule brings imported meat inspection regulations—both in the exporting countries and at U.S. ports—in line with amendments to the Federal Meat Inspection Act contained in the 1981 farm bill.

"Under the act, foreign countries offering meat exports to the United States must have a national inspection system 'at least equal to' the U.S. system," Houston said.

The new regulation reiterates and clarifies that foreign meat imports are subject to the same inspection standards for sanitation, quality, species verification and residue levels as domestic products.

This means in part that exporting countries must have the means for assuring the species of meat destined for the United States, Houston said. The act also requires exporting countries to conduct random tests on the internal organs and fat of slaughtered animals for violative residues, he said.

After proposing these changes July 7, 1982, USDA received 22 comments: 19 in favor and 3 opposed.

USDA prohibits the importation of meat that is adulterated, misbranded or does not meet the same standards as domestically-produced product.

The new regulation will be published in the Feb. 10 Federal Register.

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USDA RECLASSIFIES CERTAIN CHEMICAL AGENTS

WASHINGTON, Feb. 10—Certain chemicals added to the water used in processing cans of meat and poultry product are now classified as nonfood compounds rather than food additives under a new U.S. Department of Agriculture rule.

According to Donald L. Houston, administrator of USDA's Food Safety and Inspection Service, processors add chemicals to cooking and cooling water to prevent staining of the cans and to control corrosion and deposit formation on processing equipment. These problems occur when minerals and oxygen in the water react with metal, Houston said.

"Because there is no evidence that these chemical agents actually become components of food, and because the Food and Drug Administration does not classify them as food additives, USDA is reclassifying them as nonfood substances," he said. "The change will allow a wider variety of chemical agents to be approved for this purpose, and this added flexibility will result in cost savings for industry and consumers."

By law, USDA must approve all food additives and nonfood compounds used in processing meat and poultry. However, food additives must first receive approval from the Food and Drug Administration. Houston said the revised regulation will reconcile regulatory differences between USDA and FDA in the classification of these substances.

USDA will continue its monitoring and approval program to ensure the safe use of water treatments and other nonfood compounds in federally inspected plants.

This action was proposed Aug. 3, 1982. Three public comments were submitted, each fully supporting the proposal. Notice of the final action is scheduled to be published in the Feb. 10 Federal Register.

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PRODUCTIVE YEARS SEEN AHEAD FOR NATION'S SCIENCE AND EDUCATION SYSTEM

WASHINGTON, Feb. 10—Lean fiscal times or not, 1983 and 1984 will be productive years for the nation's agricultural science and education system, a U.S. Department of Agriculture official predicted today.

"To do a good job for our farmers and consumers, we'll have to manage our resources with care, and we're taking steps to do just that," said Orville G. Bentley, USDA assistant secretary for science and education. "This will mean streamlining operations and some shifts in priorities.

"We'll simply have to focus our talents and money on the high research and education needs."

Bentley, whose responsibilities include four USDA agencies—the Agricultural Research Service, the Cooperative State Research Service, the Extension Service and the National Agricultural Library—says the system will sustain its basic functions despite tight budgets.

There are some increases in the proposed 1984 budget, said Bentley, although these will be more than offset by rising costs.

In that budget, the Agricultural Research Service would get an increase of 2.6 percent to a total of $472 million. This would be enough, said Bentley, to carry out the agency's research mission, providing the funds are managed and spent wisely.

Getting needed research done, Bentley said, is much more than just spending a given amount of money.

How the system is structured and managed, he said, can greatly enhance the productivity of research. As one example of management changes now being made, he said, the research agency already is redirecting $45 million from lower priority projects into higher priority areas.

This means that some scientific talents, funds and other resources are being shifted to new locations around the country.

"Right now," he said, "we are focusing our priorities on research projects which will help increase plant and animal productivity, allow us to expand our agricultural products export markets and conserve our natural resources."

More details on upcoming changes in the research agency will be announced soon, said Bentley.

What about the planned $41.6 million cut in the existing $329 million budget of the Extension Service, which helps with informal educational efforts of the land-grant universities in the states, counties, cities, towns and rural communities?

"That cut will not directly affect the traditional programs of extension work," said Bentley. "Rather, the planned reduction is in funds targeted on special needs at the regional or national level."

Today's high technology, he said, has radically changed the world of science, making it practical to perform basic research and non-commercial d' velopment work. When basic research on a given project is completed, he said, the benefits of the research are made available to the country's farmers and consumers through extension programs and the private sector.

Existing major programs of the Cooperative State Research Service would be maintained in the proposed 1984 budget. However, Bentley said, reductions are proposed in special research grants and targeted animal health and disease grants in order to maintain more basic projects.

Only $21.5 million is proposed for the competitive research grants, which, said Bentley, "is more than has been appropriated in recent years but is a decrease from past budget requests. This level would permit a new program of basic research in animal reproduction problems for the first time."

For the National Agricultural Library, the 1983 funding level is $8.7 million. In fiscal year 1984, an increase of $1.1 million is proposed.

"This increase will help implement the recommendations of a blue ribbon panel, including executives of other libraries," said Bentley. That panel found a critical need for improved services by the library

and recommended increased funding and staffing as well as other changes.

Bentley said the added library funds will be used primarily to extend the hours of service, improve collections, do needed building repairs and improve biographical data bases, and, hence, make the entire agricultural science and education system more efficient.

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